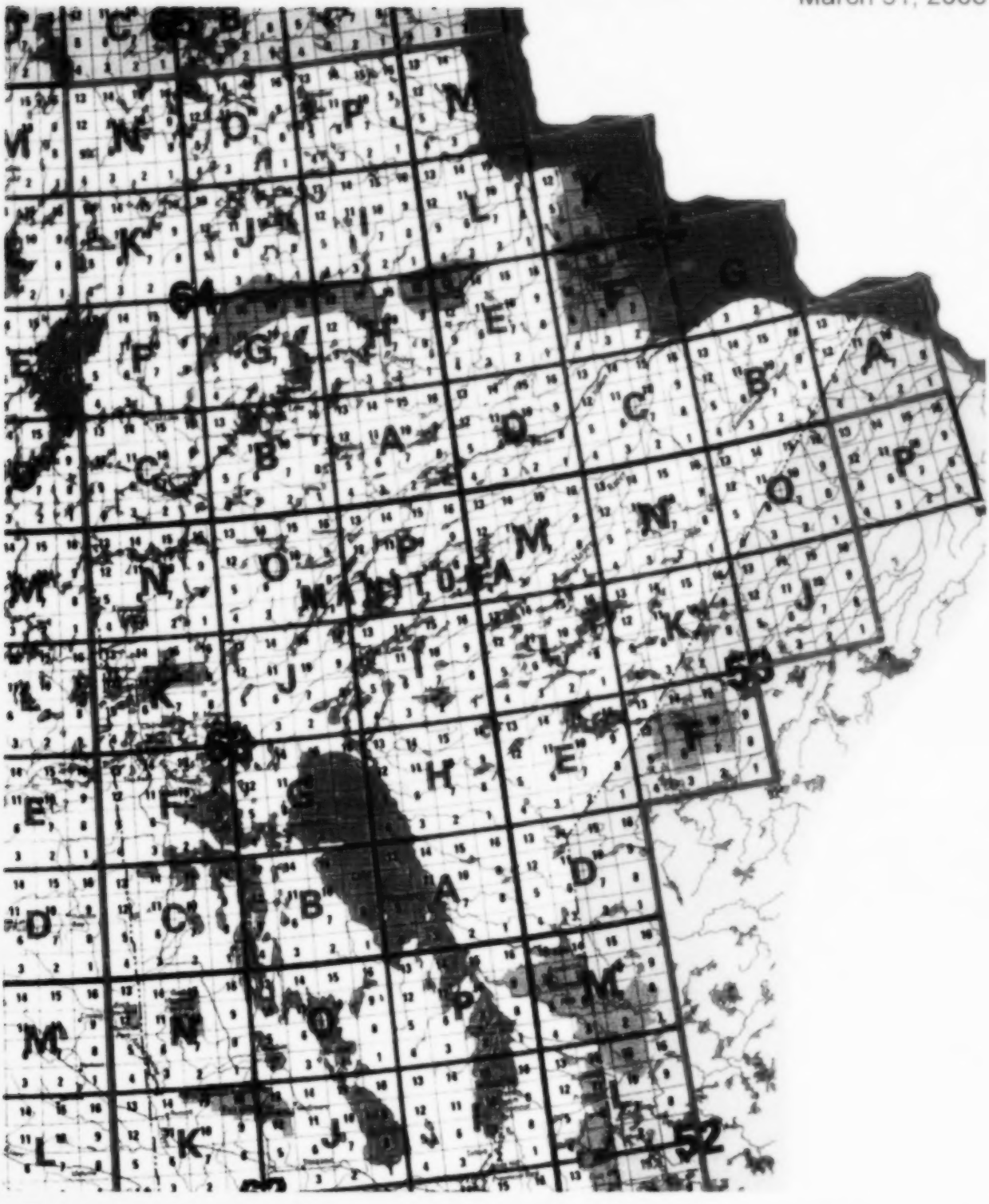
Supply and Services Division
Infrastructure and Transportation

Annual Report

March 31, 2008



Crown Lands and Property Agency

Supply and Services Division
Infrastructure and Transportation

Manitoba

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MINISTER'S LETTER

MINISTER OF INFRASTRUCTURE
AND TRANSPORTATION

Room 235
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

June 27, 2008

The Honourable John Harvard
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, MB R3C 0V8

May It Please Your Honour:

I respectfully present the second Annual Report of Crown Lands and Property Agency (CLPA), a Special Operating Agency, covering the period from April 1, 2007, to March 31, 2008.

2007/08 was a busy year for CLPA, with the processing of over 15,000 transactions, the seamless relocation of all business units to Portage la Prairie, and the implementation of a more transparent, functionally-oriented corporate structure. The Agency is continuing its evolution through reorganization that will capitalize on synergies by combining similar operations.

I am encouraged by the commitment of its employees and the support of its stakeholders, and I commend the staff at CLPA for their dedication to transform challenges into opportunities.

Respectfully submitted,

Ron Lemieux
Minister Responsible for
Crown Lands and Property Agency

ASSOCIATE DEPUTY MINISTER'S LETTER

Manitoba

Infrastructure and Transportation
Associate Deputy Minister's office
300 - 215 Garry
Winnipeg MB R3C 3Z1
T 204-945-3887 F 204-945-1857

June 27, 2008

The Honourable Ron Lemieux
Minister of Infrastructure and Transportation
Room 203, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Lemieux:

I am very pleased to submit for your consideration the Annual Report of the Crown Lands and Property Agency (CLPA) for the fiscal year ending March 31, 2008, the Agency's second year of operation.

During 2007/08, the Agency processed over 15,000 transactions. Notable transactions included the sale of the former Ward Labs Building and the acquisition of properties for the Manitoba Floodway Expansion project. CLPA also completed a major research project for the Department of Education, Citizenship and Youth, to assist Manitoba's 26 school divisions in achieving compliance with new accounting standards.

The Agency also made significant progress in 2007/08 toward the integration of its previously separate functions, seamlessly relocating all business units to the office in Portage la Prairie and implementing a more transparent, functionally-oriented corporate structure.

Over its first two years of operation, the Agency has laid the foundation for the pursuit of synergies that will deliver more effective, timely and efficient to government agencies and the people of Manitoba.

Respectfully submitted,

Paul Rochon
Associate Deputy Minister of Infrastructure and Transportation and
Chairperson of the Crown Lands and Property Agency Advisory Board

Manitoba

Infrastructure and Transportation Crown Lands & Property Agency

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Writer's Direct Line: (204) 239-3531
Email: Michal.Kubasiewicz@gov.mb.ca

June 27, 2008

To the Stakeholders of Crown Lands and Property Agency (CLPA):

I am pleased to present the Agency's second Annual Report as a Special Operating Agency for the fiscal year ending March 31, 2008.

This was a challenging and productive year for CLPA, both in terms of the projects completed for client departments and the capacity building activities undertaken in order to position the agency to perform more effectively in the future. Highlights of the year's activities include:

- Processing of 15,279 transactions.
- Completion of a major research study for the Department of Education, Citizenship and Youth, in order to assist Manitoba's 26 school divisions in achieving compliance with new accounting standards.
- Acquisition of land for the first phase of the West Dyke Extension project on behalf of the Manitoba Floodway Authority.
- Sale of the former Ward Labs Building in Winnipeg on behalf of the Accommodation Services Division.
- Relocation of functions from Winnipeg, Neepawa and Minnedosa to Portage la Prairie without any service interruptions.
- Conversion from paper to electronic records completed for the Parks program and initiated for the Agricultural Crown Lands functions.
- Restructuring of the Agency into six operating units based on common functions.

In looking back on this eventful year, I would like to acknowledge the invaluable guidance and support of the Advisory Board and the continued hard work and professionalism of CLPA's highly dedicated staff.

Respectfully submitted,

MKubasiewicz

Michal Kubasiewicz, BES, MBA, MCIP
Chief Operating Officer
Crown Lands and Property Agency

AGENCY PROFILE

Background

The Crown Lands and Property Agency (CLPA) was established as a Special Operating Agency (SOA) of the Manitoba Government in response to various internal and external reviews of the management of Crown lands. Alternative methods of providing quality, cost-effective services to the public, government departments and agencies were evaluated, resulting in a recommendation to establish a Crown Lands and Property SOA.

Origin

On September 7, 2004, Treasury Board approved in principle the creation of a new SOA through the dissolution of the Land Management Services SOA, using its structure and framework and incorporating the Lands Branch and Park District Records functions from the Manitoba Department of Conservation and the Agricultural Crown Lands Management function from the Manitoba Department of Agriculture, Food and Rural Initiatives (MAFRI).

Agency Status

Effective April 1, 2006, CLPA was established by regulation under the Special Operating Agencies Financing Authority (SOAFA) as a Special Operating Agency. CLPA is part of the Supply and Services Division of the Manitoba Department of Infrastructure and Transportation (MIT).

CLPA operates outside the Consolidated Fund and is sustained by recovering costs from its clients (government agencies). CLPA administers Crown lands according to the policies and direction of client departments and the Lands Committee of Deputy Ministers.

Statutory Base

The Crown Lands and Property Agency (CLPA) has full authority for all Crown land sales, leasing, and permitting, as well as land appraisal, acquisition, expropriation and other related real estate services to government.

The Agency administers Crown lands according to five main Acts:

- *The Crown Lands Act,* (involving agricultural and non-agricultural Crown land), The Crown Lands Act, C.C.S.M. c.C340, Land Administration Fees Regulation 216/89, Crown Lands Fees Regulation 130/91, Agricultural Crown Lands Leases Regulation 168/2001, Agricultural Crown Lands Grazing and Hay Permits Regulation 288/88;
- *The Provincial Parks Act,* C.C.S.M. c.P20, Chief Place of Residence Levy Regulation 178/97, Debt Certificate Regulation 140/96, Permits and Leases Regulation 150/96, Park Fees Regulation 148/96;
- *The Wild Rice Act,* C.C.S.M. c.W140, Wild Rice Regulation 38/88R;
- *The Land Acquisition Act,* C.C.S.M. c.40; and

- *The Expropriation Act,* C.C.S.M. E190 including related regulations Regulation 318/87 R, 295/87;

Mission Statement

The mission of the Crown Lands and Property Agency (CLPA) is to provide quality Crown land information and services to the public and government departments that are open, fair and transparent.

Mandate

CLPA provides centralized Crown land information and services to the public and government.

Vision

The Crown Lands and Property Agency's vision is to be a leader in Crown lands information and services that are highly valued for being open, fair, transparent and customer-centered.

Values and Guiding Principles

Values	Guiding Principles
Serving the Public Interest	Crown land services, processes, and controls that are open, fair, transparent and accountable
Serving Our Customers	Customer services that are courteous, equitable, accessible, efficient and effective
Being Accountable	Business operations that: • Operate on a break even basis; provide opportunities for revenue sharing with the Province; and provide value-for-money for client departments • Are socially, environmentally, and fiscally responsible • Reflect our public interest and customer service values • Meet the standards of an employer of choice

Scope of Service

The Crown Lands and Property Agency (CLPA) provides a single point of service to the public for all transactions involving provincial Crown land in Manitoba, and serves as an in-house real estate services provider for all departments of the Manitoba government. The services provided by CLPA include:

- reviewing applications to purchase or lease Crown land;
- processing renewals and assignments of existing leases and permits;
- acquiring land for public purposes through negotiation or expropriation;
- selling or leasing out surplus land and buildings; and
- providing real estate appraisal and consulting services for public agencies.

Agency Structure

CLPA is a Special Operating Agency within the Department of Infrastructure and Transportation and is accountable to the Associate Deputy Minister for operational and financial performance through the Assistant Deputy Minister of Supply and Services.

CLPA operates outside the Consolidated Fund, under *The Special Operating Agency Financing Authority Act*. The Special Operating Agency Financing Authority (SOAFA) holds title to assets used by CLPA, provides financing for operations and is responsible for CLPA's liabilities.

CLPA is governed by its Operating Charter, Transfer Agreement, and Management Agreement, as well as policies under the General Manual of Administration, unless exempted under the Charter.

The structure consists of the following six operational units:

- Crown Land Leases and Permits
- Land Acquisition Services
- Property Sales
- Appraisal and Consulting Services
- Finance and Information Technology
- Paralegal and Support Services

Advisory Board

The Board reviews the statutory reporting presented by the Agency and offers advice and direction in areas of strategic planning and operations, structure, business priorities, finances and issues of concern. The composition of the Board may change over time as circumstances warrant. Other external resources or Agency staff may be invited to attend meetings at the request of the Chair. The Advisory Board currently consists of:

- Paul Rochon, Associate Deputy Minister of Infrastructure and Transportation, who acts as Chair;

Members representing client departments:

- Dori Gingera-Beauchemin, Assistant Deputy Minister, Agriculture, Food and Rural Initiatives
- Lynn Zapshalla-Kelln, Assistant Deputy Minister, Conservation and Water Stewardship

Ex Officio Members:

- Tracey Danowski, Assistant Deputy Minister, Supply and Services
- Michał Kubasiewicz, Chief Operating Officer, Crown Lands and Property Agency
- Loretta Hopkins, Staff Representative Crown Lands and Property Agency.

OPERATIONAL HIGHLIGHTS - 2007/08

2007-08 Activity Levels by Line of Service

Transaction volumes for 2007/08 are summarized in the tables and charts below.

Appraisals and Acquisitions		
		Actual
Land Acquisition Branch	Projects Completed	49
	Borrow Agreements	3
	Agreements	54
	Appraisals	84
	Acres Acquired	964
	LVAC Certification	$1,806,443

Legal Processing		
		Actual
Land Acquisition Branch	Expropriations	3
	Current Files:	
	Processing	64
	Finalizing	3
	Backlog Files	130
	Other Files	25
	Plan Certificates	10
	Right-of-Way Plans	30

Note: LVAC denotes Land Value Appraisal Commission

Sales, Leases and Permits – Summary			
Branch or Program (Client Department)	**Transactions #**	**Revenue $000s**	**Notes**
Lands Branch (Conservation)	6,056	1,777.3	Recorded centrally in Consolidated Fund as revenue . . . under Conservation
Parks Program (Conservation)	6,537	4,704.4	
Subtotal	12,593	6,481.7	
Agricultural Crown Lands	2,635	1,371.1	. . . under Agriculture
Subtotal	15,228	7,852.8	
Land Acquisition Branch – Sales and Leases	51	4,218.6	. . . under various depts.
TOTAL	**15,279**	**12,071.4**	

Note: The total of $12.1 million in revenue shown above is revenue collected by the Agency for client departments, and does not represent the agency's own revenue.

Sales, Leases and Permits – Detailed Breakdown	#	$000s
Lands Branch		
Vacation Home Permits and Leases	500	107.6
General Permits, Miscellaneous, Licences of Occupation	3,961	515.6
Administration, Easements & Miscellaneous Receipts	1,150	466.3
Wild Rice Licences	320	11.2
Land Sales (Non-Cottaging)	68	388.1
Land Sales (Cottaging Program)	57	288.5
Subtotal	**6,056**	**1,777.3**

OPERATIONAL HIGHLIGHTS - 2007/08

2007-08 Activity Levels by Line of Service

Transaction volumes for 2007/08 are summarized in the tables and charts below.

Appraisals and Acquisitions

Actual

Land Acquisition Branch

Legal Processing

Actual

Land Acquisition Branch

Sales, Leases and Permits – Summary

Branch or Program (Client Department)	Transactions #	Revenue $000s	Notes
Lands Branch (Conservation)	6,056	1,777.3	
Parks Program (Conservation)	8,537	4,704.4	
Subtotal	14,593	6,481.7	
Agricultural Crown Lands	635	371.7	
Subtotal	15,228	6,853.4	
Land Acquisition Branch – Sales and Leases	51	4,218.0	
TOTAL	15,279	12,071.4	

Sales, Leases and Permits – Detailed Breakdown

	#	$000s
Lands Branch		
Subtotal	6,056	1,777.3

Sales, Leases and Permits – Detailed Breakdown		#	$000s
Parks Program			
Vacation Home Leases & Permits		5,783	4,181.7
Commercial Leases & Permits		134	317.6
Private Land Service Fees		411	103.9
General Permits		159	58.1
Non-profit Permits & Leases		50	15.8
Lot Development Fees		-	27.3
	Subtotal	6,537	4,704.4
Agricultural Crown Lands			
Forage Leases		2,136	1,124.2
Cropping Leases		83	179.5
Special Leases		2	9.5
Casual Grazing Permits		12	2.0
Renewable Grazing Permits		52	7.8
Casual Hay Permits		30	1.9
Renewable Hay Permits		320	46.2
	Subtotal	2,635	1,371.1
Land Acquisition Branch			
Leases		38	66.1
Sales		13	4,152.5
	Subtotal	51	4,218.6
	TOTAL	15,279	12,071.4

Note: The total of $12.1 million in revenue shown above is revenue collected by the Agency for client departments, and does not represent the Agency's own revenue.

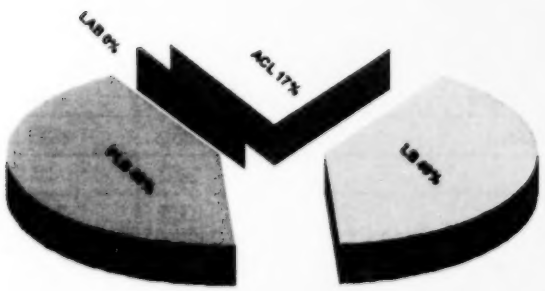
Sales, Leases and Permits
Transactional Activity by Branch

Revenue Generated for Departments
Through Sales, Leases and Permits

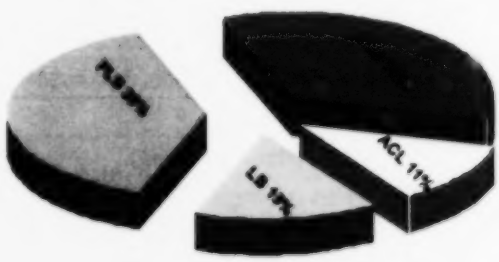
Sales, Leases and Permits – Detailed Breakdown	#	$000s
Parks Program		
Vacation Home Leases & Permits	5,783	4,181.7
Commercial Leases & Permits	134	317.6
Private Land Service Fees	411	103.9
General Permits	159	58.1
Non-profit Permits & Leases	50	15.8
Lot Development Fees	-	27.3
Subtotal	**6,537**	**4,704.4**
Agricultural Crown Lands		
Forage Leases	2,136	1,124.2
Cropping Leases	83	179.5
Special Leases	2	9.5
Casual Grazing Permits	12	2.0
Renewable Grazing Permits	52	7.8
Casual Hay Permits	30	1.9
Renewable Hay Permits	320	46.2
Subtotal	**2,635**	**1,371.1**
Land Acquisition Branch		
Leases	38	66.1
Sales	13	4,152.5
Subtotal	**51**	**4,218.6**
TOTAL	**15,279**	**12,071.4**

Note: The total of $12.1 million in revenue shown above is revenue collected by the Agency for client departments, and does not represent the Agency's own revenue.

Sales, Leases and Permits
Transactional Activity by Branch



Revenue Generated for Departments
Through Sales, Leases and Permits



Major Projects Completed in 2007/08

Included in the volume statistics shown above are a number of major projects completed for client departments during the 2007/08 fiscal year, most notably:

Schools Finance Branch: The Agency completed a major research study for the Schools Finance Branch of the Department of Education, Citizenship and Youth, tabulating the values of all real estate holdings of Manitoba's 26 school divisions in order to assist the divisions in achieving compliance with new accounting standards.

Manitoba Floodway Authority: The Agency completed the acquisition of all lands required for Phase 1 of the West Dyke improvement project.

Sale of Ward Labs Building: On behalf of the Accommodation Services Division of the Department of Infrastructure and Transportation, CLPA effected the sale of the former Ward Labs Building at 745 Logan Avenue in Winnipeg to the Government of Canada, generating $3.2 million in revenue for Manitoba and facilitating an expansion of The Canadian Science Centre for Human and Animal Health.

Consolidation and Integration Activities in 2007/08

The 2007/08 fiscal year saw continued gradual progress in the ongoing process of integrating the previously separate functions assumed by the Agency in April 2006. Notable highlights include:

Office Consolidation: The relocation of functions from Winnipeg, Minnedosa and Neepawa to Portage la Prairie was completed without any interruption in service in two stages over the summer of 2007. The Parks program relocated from Winnipeg in July and the remaining functions were relocated from Minnedosa and Neepawa over the Labour Day weekend.

Staff Re-deployment: All employees who elected not to relocate to Portage la Prairie were successfully placed in other positions with the provincial government or other employers, thanks in large measure to the outstanding work of the Human Resources group within Manitoba Infrastructure and Transportation.

Records Scanning: The multi-year process of digitizing all paper records for improved security and increased efficiency continued in 2007/08. Scanning for the Parks section has successfully been completed. Scanning for the Agricultural Crown Land files is underway with a projected completion date of December 2008. Scanning of the Land Acquisition files will then continue.

Corporate Re-structuring: In December 2007, a revised organizational structure was implemented, with six branches reflecting common functions and lines of services rather than the departments of origin of the former business units, as summarized in the following table.

OLD – June 2007	NEW – since December 2007
LAND ACQUISITION BRANCH o Appraisal and Acquisition o Property Sales and Leasing o Property Administration o Finance and Information Technology **LANDS BRANCH** o Sales, Leases and Permits o Crown Lands Registry **AGRICULTURAL LANDS BRANCH** o Sales, Leases and Permits **PARKS LEASES & PERMITS BRANCH** o Leases and Permits	**CROWN LANDS LEASES & PERMITS** o Agricultural o Parks o General **LAND ACQUISITION SERVICES** **PROPERTY SALES** **APPRAISAL & CONSULTING SERVICES** **FINANCE & INFO TECHNOLOGY** **PARALEGAL & SUPPORT SERVICES** o Legal Documentation o Crown Lands Registry o Administrative Support

PERFORMANCE MEASURES

Performance Framework

STRATEGIC AREA	LONG-TERM SIGNIFICANT RESULT	SHORT-TERM (YEAR 2) EXPECTED RESULT	RESULTS TO DATE
FINANCIAL	• Full cost-recovery	***Dividend Payment:*** CLPA's revenue sharing contribution of $250.0 is made to the Province as directed.	Deferred as approved by Treasury Board
	• Reduced costs	***Short-term Cost Recovery Model:*** CLPA fully recovers real estate related service costs and recovers costs relating to the administration of Crown land dispositions not exceeding client department appropriations (MAFRI and Conservation) and current fee schedule for real estate services.	Cost recovery model in place
	• Risks in relation to loans, technology and operations appropriately managed	***Future Cost Recovery Model:*** A management information system is in place to support the development of a future comprehensive cost recovery pricing model, which is targeted for implementation in 2008/09.	The Agency was directed to develop an output-based rate/fee structure for 2009/10 implementation in consultation and consensus with the departments, and return to Treasury Board for approval by September 1, 2008.
CUSTOMER SERVICE	• Timely, accurate, and friendly service	***Process Improvements*** with a focus on improving openness, fairness, transparency and "one-stop shop" and a seamless cost-effective customer service, are assessed and implemented. The feasibility of consolidating processes on circularizing proposed land use applications, if practicable, has been determined and action is taken accordingly.	A new organization chart has been developed to realign functions, duties and responsibilities. Implementation of the new structure is under way.
	• The "one-stop shop" concept of service across all Agency outlets offered consistently; "one-face" seamless service delivery	***New Consolidated Web Information*** presence is launched providing information about the Agency. The website features a current inventory of Crown lands that are available for use, including information about the policies related to using these lands, and the relevant application procedures.	The website features a current inventory of Crown lands that are available for use, including information about use of or land use policies related to lands, and relevant application procedures. The Agency established links to departmental websites for advertising Crown lands for rent or sale. Improvements are ongoing.
	• Standardized service delivery to all customers through multiple channels (in-person, on-line, telephone, fax)	***Payment Methods:*** Various methods of payment options, currently available for Lands Branch and Parks District Program customers, are expanded to include lease and permit invoices for agricultural Crown lands. Methods include cheque payments and payments through a bank teller or Automated Teller Machine (ATM) and payments via the Internet and telephone. The feasibility of implementing a time payment plan for higher cost leases is completed.	Ownership of bank accounts was transferred, and implementation is complete. All CLPA clients have access to the listed payment methods. Credit card payments and time payments will not be implemented in the near future.
	• A strong base of trust and credibility established with all customers	***Customer Satisfaction Index:*** A customer satisfaction measurement system is developed for the public and client departments.	No Action to date.

STRATEGIC AREA	LONG-TERM SIGNIFICANT RESULT	SHORT-TERM (YEAR 2) EXPECTED RESULT	RESULTS TO DATE
Customer Service (cont'd)		***Crown Land Registry System:*** Front-line service delivery staff provides a more integrated service through the addition of linkages between lease billing systems and the Crown Lands Registry System (CLRS).	Any CLPA staff or clients requiring access to the various registry and file systems are being provided web access.
INTERNAL OPERATIONS	• Harmonized and standardized policies and procedures on land use circulation and advertising activities	***CLPA Consolidated Location:*** The CLPA offices in Neepawa, Minnedosa and Winnipeg are relocated to join the Portage la Prairie CLPA office in the Provincial Building by early September 2007 while minimizing impacts to staff and service delivery.	Relocation completed September 4, 2007. Office renovation to be completed.
	• Non-public facing operations focused on supporting and enabling the "one-stop shop" and seamless service delivery concepts	***CLPA Records Scanning:*** This new initiative has created an electronic version of Park District records for easy access and sharing by multiple users and safeguarding regardless of physical location; and the remainder of Land Acquisition Branch records are digitized.	Scanning for the Parks section has successfully been completed. Scanning for the Agricultural Crown Land files is underway with the remainder of Land Acquisition Branch records to follow.
	• Continuous improvement and alignment of operations and delivery channels	***Sole Source Service Model*** for land appraisals, acquisitions, and sale of surplus land and buildings is in effect with all government agencies, as approved by Treasury Board.	Mandated by Treasury Board.
	• Expanded service offerings to encompass the full scope of Crown lands activities within the Agency mandate area	***Access to MAVAS,*** Access to the Intergovernmental Affairs municipal land valuation database is authorized to expedite and improve effectiveness and efficiency of appraisal services for internal clients.	Discussion with Intergovernmental Affairs still to be initiated.
AGENCY LEARNING AND GROWTH	• Employee relations and supports leading to an "employer of choice" status for the Agency.	***SOA Orientation*** is provided to all Agency employees	Completed
	• Technology-based opportunities identified and enabled to improve sales, lines and services, and strengthen customer service capabilities	***Job Descriptions*** are revised in alignment with new Agency framework	Partially completed.
	• The most appropriately skilled individuals for the respective jobs are recruited and retained	***Employee Needs Assessment*** for managers will be completed and an action plan developed	No Action
	• Cross-business unit partnerships and collaboration actively promoted		Continuously reviewed and applied as the opportunities present themselves

FINANCIAL REPORT

CROWN LANDS AND PROPERTY AGENCY

(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)

Index to Financial Statements

Year Ended March 31, 2008

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Statement of Loss and Deficit	3
Statement of Cash Flows	4
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EXG

THE EXCHANGE

chartered accountants LLP

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Crown Lands and Property Agency, An Agency of the Special Operating Agencies Financing Authority Province of Manitoba, as at March 31, 2008 and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP

Winnipeg, Manitoba
June 2, 2008

CROWN LANDS AND PROPERTY AGENCY

(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)

Balance Sheet

(In Thousands)

March 31, 2008

	2008	2007
ASSETS		
CURRENT		
Cash	$ 1,289	$ -
Accounts receivable *(Note 3)*	938	775
Work in progress *(Note 2)*	345	412
Prepaid expenses	61	57
	2,633	1,244
CAPITAL ASSETS *(Notes 2, 4)*	205	220
DUE FROM PROVINCE OF MANITOBA *(Note 5)*	670	670
ASSETS HELD IN TRUST	4	4
	$ 3,512	$ 2,138
LIABILITIES		
CURRENT		
Working capital advance *(Note 6)*	$ -	$ 1,517
Accounts payable *(Note 7)*	300	420
Client held funds	4,089	238
	4,389	2,175
SEVERANCE PAY LIABILITY *(Note 8)*	291	357
TRUST FUND LIABILITY	4	4
	4,684	2,536
DEFICIT	(1,172)	(398)
	$ 3,512	$ 2,138

LEASE COMMITMENTS *(Note 11)*

CROWN LANDS AND PROPERTY AGENCY

(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)

Statement of Loss and Deficit

(In Thousands)

Year Ended March 31, 2008

	2008	2007
REVENUE	$ 3,014	$ 3,012
EXPENSES		
Advertising	14	15
Amortization	57	44
Bad debts	56	-
Consulting fees	11	-
Desktop operating lease	133	138
Insurance	2	2
Interest on working capital advance	77	65
Meals and accommodations	11	9
Office	165	148
Computer maintenance costs	148	123
Contributed services	262	66
Professional fees	139	118
Rental	231	234
Salaries and wages	2,354	2,365
Training	17	21
Travel	36	52
Relocation expense	75	-
	3,788	3,400
NET LOSS	(774)	(388)
DEFICIT - BEGINNING OF YEAR *(Note 9)*	(398)	(10)
DEFICIT - END OF YEAR	$ (1,172)	$ (398)

CROWN LANDS AND PROPERTY AGENCY

(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)

Statement of Cash Flows

(In Thousands)

Year Ended March 31, 2008

	2008	2007
OPERATING ACTIVITIES		
Cash receipts from customers	$ 2,795	$ 1,153
Cash paid to suppliers and employees	(3,655)	(2,332)
Interest paid	(77)	(65)
Cash flow used by operating activities	(937)	(1,244)
INVESTING ACTIVITIES		
Purchase of equipment	(42)	(263)
Increase in client funds held	3,851	-
Cash flow from (used by) investing activities	3,809	(263)
FINANCING ACTIVITIES		
Net deficit on transfer	-	(10)
Severance pay liability payments	(66)	-
Cash flow used by financing activities	(66)	(10)
INCREASE (DECREASE) IN CASH FLOWS	2,806	(1,517)
DEFICIENCY - BEGINNING OF YEAR	(1,517)	-
CASH (DEFICIENCY) - END OF YEAR	$ 1,289	$ (1,517)

CROWN LANDS AND PROPERTY AGENCY

(An Agency of the Special Operating Agencies Financing Authority Province of Manitoba)

Notes to Financial Statements

(In Thousands)

Year Ended March 31, 2008

1. NATURE OF ORGANIZATION

Effective April 1, 2006, Crown Lands and Property Agency (the "Agency") was designated as a Special Operating Agency by regulation under The Special Operating Agencies Financing Authority Act made by the Lieutenant Governor in Council.

The Agency will have full authority for all Crown land sales, leases and permits, as well as land appraisal, acquisition, expropriation and other services for the provincial government. The Agency's mission is to provide quality Crown land information and services to the public and government departments that are open, fair and transparent.

The newly designated Agency consolidates the services previously done by the Lands Acquisition Branch, Lands Branch, Agricultural Crown Land Management and Parks Districts Records departments.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. The financial framework enables the Agency to operate in a business-like manner according to public policy expectations.

A Management Agreement between the Financing Authority and the Minister of Transportation and Government Services assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of the Financing Authority.

The Agency forms part of the Supply and Services Division of Manitoba Infrastructure and Transportation under the general direction of the Chief Operating Officer and the Assistant Deputy Minister of the Supply and Services Division, and ultimately the policy direction of the Deputy Minister and Minister.

The Agency remains bound by relevant legislation and regulations.

The Agency is economically dependent upon the Province of Manitoba, as it derives a significant portion of its revenue from the Province. The transactions with the Province of Manitoba are recorded at the exchange amount, which is the amount agreed upon by both parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of reporting

The financial statements of the Agency have been prepared in accordance with Canadian generally accepted accounting principles.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

New accounting policies

(continues)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Effective April 1, 2007 the Agency adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the Agency has not yet applied a new primary source of Canadian generally accepted accounting principles that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Agency's financial statements for the year ended March 31, 2008.

Section 1530, Comprehensive Income

Section 1530 requires the presentation of a statement of comprehensive income and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of self-sustaining foreign operations, gains and losses from changes in fair value of available for sale financial assets and changes in fair value of the effective portion of cash flow hedging instruments. The Agency has not recognized any adjustments through other comprehensive income for the year ended March 31, 2008. Because the Agency has no items related to other comprehensive income, comprehensive income is equivalent to net income.

Section 3855, Financial Instruments – Recognition and Measurement

Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet and the measurement of financial instruments according to prescribed classifications. Under this section, financial assets and liabilities are initially recorded at fair value. This section also addresses how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Agency is required to designate its financial instruments into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Agency has designated its financial instruments as follows:

Cash and funds on deposit, net of working capital payable, are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings. Due to the relatively short period to maturity of these financial assets, the carrying values approximate their fair values.

Receivables are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities and long term debt are classified as other financial liabilities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*
year ended March 31, 2008.

Future accounting policy changes

Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

These changes in accounting policies, which will be adopted effective April 1, 2008, will require additional disclosures in the financial statements.

Section 1535, Capital Disclosures

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

This accounting policy change, which will be adopted effective April 1, 2008, will require additional disclosure in the financial statements.

Section 3031, Inventories

In June 2007, the CICA issued Section 3031, Inventories, replacing Section 3030, Inventories. The new Section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2008. Accordingly, the Agency will adopt the new standards for its fiscal year beginning April 1, 2008. It provides more guidance on the measurement and disclosure requirements for inventories. The Agency does not expect that the adoption of this new Section will have a material impact on its financial statements.

Financial instruments

The Agency's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of accounts receivable and accounts payable approximate their carrying values due to their short term maturity.

Work in progress

Land Acquisition Branch- all costs incurred for a project are initially charged to work in progress and matched to billings using the percentage of completion method.

(continues)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Equipment transferred to the Agency on April 1, 2006 assumed a cost equal to its net book value at March 31, 2006.

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Equipment	5 years	straight-line method
Computer equipment	5 years	straight-line method
Computer software	5 years	straight-line method
Furniture and fixtures	5 years	straight-line method

Revenue Recognition

Land Acquisition Branch: the percentage of completion method of accounting is used, whereby revenue is recognized proportionately with the degree of contracted work completed.

Other branch areas: appropriation funding in MAFRI and Manitoba Conservation is continuing in order to pay the Agency the costs it incurs for providing services to the public (on behalf of MAFRI and Manitoba Conservation). The short-term chargeback model provides for the Agency to bill for its costs but not in excess of the approved budgets for MAFRI and Manitoba Conservation. As the Agency costs are expected to exceed MAFRI and Manitoba Conservation's appropriations for the Agency's services, the Agency may not fully recover its costs of delivering the services on behalf of MAFRI and Manitoba Conservation.

3. ACCOUNTS RECEIVABLE

The balance is comprised of the following amounts:

	2008	2007
Trade accounts receivable	$ 994	$ 564
Expense recoveries from other departments	-	23
Revenue share payments	-	188
Allowance for doubtful accounts	(56)	-
	$ 938	$ 775

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4. CAPITAL ASSETS

	2008		2007	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Equipment	$ 52	$ 14	$ 46	$ 5
Computer equipment	148	54	132	26
Computer software	93	27	73	10
Furniture and fixtures	12	5	12	2
	$ 305	$ 100	$ 263	$ 43
Net book value	$ 205		$ 220	

5. DUE FROM PROVINCE OF MANITOBA

The receivable from the Province of Manitoba is for severance pay, vacation pay and banked time benefits earned by the employees of the four departments referred to in note 1 to March 31, 2006. The receivable, or portion thereof, will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

6. WORKING CAPITAL ADVANCE

The Agency has an authorized line of working capital from the Province of Manitoba of $4,000 of which $nil was used as at March 31, 2008 (2007 - $1,517 was used).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2008	2007
The balance is comprised of the following amounts:		
Trade accounts payable	$ 40	$ 148
Accrued vacation pay and banked time	255	267
Goods and services tax	5	5
	$ 300	$ 420

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8. SEVERANCE PAY LIABILITY

The Agency records accumulated severance pay benefits for its employees. Severance pay is determined by multiplying years of service by the weekly salary, at date of retirement provided that the employee reaches nine years of service and retires from the Agency. Severance pay for service greater than 15 years to a maximum of 35 years is increased by two weeks for every five years of service. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by the employees of Lands Branch, Agricultural Crown Land Management and Parks Districts Records departments, transferred to the Agency March 31, 2006, to March 31, 2006. Additionally, the Province has accepted responsibility for the severance benefits accumulated by the employees of Lands Acquisition Branch to March 31, 1998. Accordingly, the related severance pay liability in the amount of $405 is offset in the receivable from the Province of Manitoba.

9. DEFICIT

The Special Operating Agencies Financing Authority and the Manitoba Provincial Government entered into a Transfer Agreement respecting the transfer, from the Provincial Government to the Financing Authority, of the net assets required for the continuing operations of the Agency. As at April 1, 2006, the date of transfer, the liabilities assumed exceeded the value of the assets in the amount of $10. This amount was recorded as the deficit at April 1, 2006.

10. PUBLIC SECTOR COMPENSATION DISCLOSURE

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of individual compensation exceeding $50 annually to any officer or employee of the Province of Manitoba. The following employees received compensation in excess of $50:

		2008	2007
Bernat, Leonard	Property Appraiser	$ 56	$ 53
Chadney, Faren	Information Technologist	-	56
Csversko, Raeburn	Senior Manager	-	74
Dureault, Diane	Administration Officer	-	61
Kent, Rodney	Administration Officer	54	53
Krakowka, Larry	Resource Officer	60	57
Kubasiewicz, Michal	Senior Manager	93	-
Le Neal, Normand	Financial Officer	62	60
Lucky, Rob	Property Appraiser	59	58
McLeod, Jerry	Property Appraiser	65	55
Millar, Scott	Property Appraiser	74	72
Pantel, Aurel	Property Appraiser	-	51
Penner, Mary Ann	Property Appraiser	56	55
Pishak, Calvin	Information Technologist	64	61
Sheridan, Bryan	Administration Officer	59	52
Sonley, Judy	Property Appraiser	56	54
Turner, Cynthia	Accounting Clerk	57	-
Wright, Kurt	Property Appraiser	-	72

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11. LEASE COMMITMENTS

The Agency's approved 2008/09 Business Plan calls for $244, to be paid in quarterly instalments during 2008/09, for the rental of the facilities located at 25 Tupper Street North, Portage La Prairie, Manitoba. There is no premise lease agreement in place. Occupancy charges for each fiscal year are established annually by the Province of Manitoba.

The Agency has entered into various leases for vehicles and office equipment. The expected payments are as follows:

2009	$ 14
2010	13
2011	3
2012	3